



**PERCHSTONE &
GRAEYS TECH
REGULATORY
REPORT FOR Q2
2023.**

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The second quarter of 2023 was remarkable due to the change in government in Nigeria at the national level following the last general elections. In this report, we highlight fintech-related laws, regulations, frameworks, circulars, draft instruments, etc. which were issued by regulators in the second quarter of 2023.

Here's the Perchstone & Graeys ICT Regulatory Report for Q2 2023.

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A. NIGERIAN BANKING SYSTEM

1. CBN's Circular to all Banks and Other Financial Institutions (OFIs) and Payment Service Providers (PSP): Guidelines for Contactless Payments in Nigeria (PSM/DIR/PUB/CIR/001/039)

On June 27, 2023, CBN published a Circular on "*Guidelines for Contactless Payment in Nigeria*". The Guidelines aim to ensure that all participants engaged in contactless payments implement appropriate risk management processes and measures, while adhering to best relevant standards.

This Circular was made in furtherance of CBN's effort to standardize operations in the payment systems aimed at encouraging the deployment of innovative products and sustaining the stability of the financial system.

To access this Circular, click [here](#).

2. CBN's Circular to all Banks and Other Financial Institutions (OFIs) and Payment Service Providers (PSPs): Transaction Limits on Contactless Payments (PSM/DIR/PUB/CIR/001/048)

On June 27, 2023, CBN published a Circular on "*Transaction Limits on Contactless Payments*". This Circular was issued to stipulate transaction limits on contactless payments through accounts/wallet, for which, verification and authorization are required.

This circular was issued further to the Guidelines for Contactless Payment in Nigeria ([PSM/DIR/PUB/CIR/001/039](#)) above to mitigate against the risks associated with contactless payments.

To access this Circular, click [here](#).

3. CBN’s Circular to all Banks and Other Financial Institution (OFIs): Guidance Note on Politically Exposed Persons (PEPs) (FPR/DIR/PUB/CIR/007/075)

On June 22, 2023, CBN published a Circular on “*Guidance Note on Politically Exposed Persons (PEPs)*”.

This Circular is in furtherance of the CBN AML/CFT/CPF Regulation 2022 with reference number FPR/DIR/GEN/CIR/001/061 which empowers Banks and OFIs to, amongst other things, establish measures for mitigating potential money laundering, terrorism financing and proliferation financing risk posed by high-risk customers including Politically Exposed Persons (PEPs).

This Guidance Note is published for immediate compliance by all financial institutions in Nigeria.

To access this Circular click [here](#). You can also access CBN AML/CFT/CPF Regulation 2022 [here](#).

4. CBN’s Circular to Banks and OFI’s: Central Bank Customer Due Diligence Regulations 2023 (FPR/DIR/PUB/CIR/007/076)

On June 20, 2023, CBN published a Circular on “*The Central Bank of Nigeria Customer Due Diligence Regulations 2023*”. The regulation was issued to assist financial institutions with implementation and compliance with provisions of relevant laws and regulations relating to customer due diligence.

The regulation is in pursuant of the provisions of [the Money Laundering \(Prevention and Prohibition\) Act 2022](#) and the [Central Bank of Nigeria CBN\) AML/CFT/CPF Regulations, 2022](#).

All banks and other financial institutions are directed to note for immediate compliance.

To access this regulation, click [here](#).

5. The CBN’s Press Release to Authorized Dealers and the General Public: Operational Changes to the Nigerian Foreign Exchange Market

On June 14, 2023, the Central Bank of Nigeria, through a press release titled “*Operational Changes to the Foreign Exchange Market*”, notified authorized dealers and the general public of the operational changes to the foreign exchange market in Nigeria.

By this Press Release, the CBN abolished segmentation in the foreign exchange market and collapsed all segments into the Investors’ and Exporters’ Window (I &E window). The “Willing Seller, Willing Buyer” model has been reintroduced at the I&E Window.

Recall that this I&E Window was established sometimes in 2017 by the Central Bank of Nigeria through a [Circular](#) issued for that purpose.

All market participants and the public are enjoined to abide by these rules.

To access this Press Release, click [here](#).

6. CBN's Letter to all Deposit Money Banks: Further Guidance on Operational Changes to the Foreign Exchange Market (BSD/DIR/PUB/LAB/016/014)

On June 16, 2023, CBN published "*Further Guidance on Operational Changes to the Foreign Exchange Market*". This is made in furtherance of the CBN press statement of June 14, 2023 on the Operational Changes in the Foreign Exchange Market. This Further Guidance came about from the deliberations of the extraordinary Banker's Committee meeting held to discuss the implementation and the implications of the Operational Changes in the Foreign Exchange Market as issued in the Press Release above.

7. The Finance Act, 2023

The Finance Act 2023 was signed into law on May 28, 2023, by former President Muhammadu Buhari, GCFR. The Act provides that the amendments therein come into force on May 1, 2023 or such other date that shall be indicated by the National Assembly by law, or the President by assent or order. The Act amends the Capital Gains Tax Act, the Companies Income Tax Act, the Personal Income Tax, the Customs and Excise Tariff (Consolidated) Act, the Industrial Development (Income Tax Relief) Act, the Tertiary Education Trust Fund (Establishment) Act Fiscal Responsibility Act, the Public Procurement Act, and the Companies and Allied Matters 2020.

To access this Act, click [here](#).

8. CBN's Notice of Revocation of Operating Licences of 47 (Forty-Seven) Microfinance Banks

On May 22, 2023, the CBN published in the Federal Government official gazette a publication titled "*Revocation of Operating Licences - Microfinance Banks Licences Revoked*" which provided a list of 47 (Forty-Seven) Microfinance Banks whose operating licenses have been revoked by the CBN.

This revocation was carried out because the 47 (Forty-Seven) Microfinance Banks in the notice have either remained inactive, insolvent, failed to render returns, closed shop, or ceased to carry on the type of banking business for which they were licensed for more than six (6) months in contravention of the Banks and other Financial Institutions Act (BOFIA), 2020 and the Revised Regulatory and Supervisory Guidelines for Microfinance Banks in Nigeria; and/or the various actions taken by the Regulatory Authority to halt their persistent failure to carry on business had failed.

To access this notice, click [here](#).

9. Circular to All Authorized Dealers/The General Public - Re: Operating Guidelines for RT200 Non-oil Export Proceeds Repatriation Rebate Scheme (TED/FEM/PUB/FPC/001/002)

On May 10, 2023, the CBN issued a Circular to Banks and Other Financial Institutions (OFIs) titled “*Re: Operating Guidelines for RT200 Non-oil Export Proceeds Repatriation Rebate Scheme*” further to the circular dated February 25, 2022, referenced TED/FEM/FPC/GEN/01/002 on the above subject. To access the Circular dated February 25, 2022, click [here](#).

All authorized dealers are to ensure strict compliance.

To access this Circular, click [here](#).

10. CBN’s Circular to Deposit Money Banks, Cheque Printers/Personalisers and Other Stakeholders on the Accreditation of Check Printers (BKS/SCO/CON/001/039)

On May 4, 2023, the CBN issued the “*Circular to Deposit Money Banks, Cheque Printers/Personalisers and Other Stakeholders on the Accreditation of Check Printers*” which contained a list of cheque printers/personalisers with valid accreditation licenses.

This Circular is in furtherance of the CBN’s mandate to ensure an efficient payment and settlement system.

To access the Circular, click [here](#).

11. CBN’s Circular to all Banks and OFIs: Guidelines for The Regulation of Representative Offices of Foreign Banks in Nigeria - Ref: FPR/DIR/PUR/CIR/001/073

On May 3, 2023, the CBN in its Circular to Banks and Other Financial Institutions (OFIs) issued the “*Guidelines for The Regulation of Representative Offices of Foreign Banks in Nigeria*”. These Guidelines are in further of CBN’s mandate to promote financial system stability and aim to facilitate the understanding of regulatory requirements for operations of representative offices of foreign banks in Nigeria.

These Guidelines were made pursuant to Sections 6(1) and 8(1) of Banks and Other Financial Institution Act (BOFIA) 2020, which stipulate that no foreign bank shall operate in Nigeria without prior approval of the CBN.

Already approved/existing representative offices of foreign banks operating in Nigeria are required to ensure strict compliance with the Guidelines within 6 months from the date of this circular.

To access the circular, click [here](#).

B. DIGITAL ECONOMY

1. Nigerian Data Protection Act 2023

On June 14, 2023, President Bola Ahmed Tinubu signed the Nigerian Data Protection Act, 2023 into law to provide the legal framework for the protection of personal data and establish the Nigeria Data Protection Commission for the regulation of the processing of personal data in Nigeria.

This Act was enacted to further safeguard the fundamental rights, freedoms and interests of data subjects as guaranteed under the Constitution of the Federal Republic of Nigeria, 1999.

To access the Act, click [here](#).

2. The Copyright Act, 2022

On March 17, 2023, President Muhammed Buhari, the former President of Nigeria, signed the Copyright Act, 2022 into law. The Copyright Act 2022, which repeals the Copyright Act 2004, provides for effective administration, regulation, enforcement, and protection of copyright in the digital environment. The objectives of this Act are to - protect the rights of authors to ensure just rewards and recognition for their intellectual efforts; provide appropriate limitations and exceptions to guarantee access to creative works; facilitate Nigeria's compliance with obligations arising from relevant international copyright treaties and conventions; and enhance the capacity of the Nigerian Copyright Commission for effective regulation, administration, and enforcement of the provisions of the Act.

To access the Copyright Act, 2023 click [here](#).

3. The Securities and Exchange Commission (SEC) Circular on the Activities of Binance Nigeria Limited

On June 9, 2023, the Securities and Exchange Commission (SEC) published a circular notifying the public that Binance Nigeria Limited operates a website soliciting the Nigerian public to trade crypto assets on its various web and mobile-enabled platforms. The Circular stated that Binance Nigeria Limited is neither registered nor regulated by the Commission and its operations in Nigeria are therefore illegal. Consequently, the Commission cautioned that any member of the investing public dealing with the entity is doing so at their own risk.

To access this Circular, click [here](#).

4. Notice of Acceptance of Applications for the Regulatory Incubation (RI) Program

Further to the Securities and Exchange Commission (SEC) [Circular](#) of June 2021 announcing its Regulatory Incubation (RI) program for fintech firms operating or

seeking to operate in the Nigerian Capital Market, SEC on April 28, 2023, issued a Notice to the public that the portal for submission of applications is now ready to receive applications from Cohort 001/23, from 28/04/2023 to 26/05/2023. Cohorts will be announced at specific times.

To access this Notice [click here](#).

C. EXPOSURE DRAFT INSTRUMENTS

1. **CBN's Circular to all Banks and OFIs: Guidelines on Management of Dormant Accounts, Unclaimed Balances and Other Financial Assets in Bank and OFIs - Exposure Draft (FPR/DIR/GEN/CIR/001/071)**

On April 6, 2023, the CBN in its Circular to Banks and Other Financial Institutions (OFIs) issued the “*Guidelines on Management of Dormant Account, Unclaimed Balances and Other Financial Assets in Bank and OFIs - Exposure Draft*”. The exposure draft provides clarity on the procedure for management of dormant and inactive accounts by banks and OFIs in Nigeria.

This exposure draft is made in compliance with Section 72(11) of the Banks and Other Financial Institutions Act, 2020 (BOFIA), which empowers the Central Bank of Nigeria (CBN) to issue guidelines for the administration of unclaimed funds in banks, specialized banks and OFIs in Nigeria.

Comments or inputs relating to the Guidelines were invited and should be addressed to the Director, Financial Policy, and Regulation Department within three (3) weeks from the date of the circular.

To access the exposure draft instrument, click [here](#).

2. **Exposure of Proposed Sundry Amendments to Securities and Exchange Commission (SEC) Rules (Shelf Registration and Pre-offer Waiting Period)**

On June 16, 2023, the Securities and Exchange Commission Published an “*Exposure draft of Proposed Sundry Amendments to Securities and Exchange Commission (SEC) Rules (Shelf Registration and Pre-offer Waiting Period)*”. This Exposure Draft proposes the amendment to Rule 279(3) which deals with Shelf Registration and Rule 300 which deals with Pre-Offer Waiting Period (Fixed Price Offers).

The justification for this proposed update is to keep timelines definite for execution and filing of documents with SEC and to streamline offer processes.

To access this Exposure Draft, click [here](#).

CONCLUSION

The second quarter of 2023 was memorable due to the inauguration of the new President of the Federal Republic of Nigeria. The new regime has expeditiously commenced the implementation of some of the items in its manifesto relating to policies and laws aimed at boosting the Nigerian economy.

The CBN's Press Release of June 14, 2023 on the Operational Changes in the Foreign Exchange Market is particularly noteworthy as this established a uniform foreign exchange market which will be controlled by the forces of demand and supply. This will help improve access to foreign exchange and diminish the undue arbitrage derived from wide disparity in the forex markets. The Nigerian Data Protection Act, 2023 is also worthy of mention as stakeholders in the technology industry and other sectors have been eagerly anticipating its enactment, considering that it is Nigeria's first legislative enactment which focuses on protection of personal data of data subjects. Prior to this, the Nigeria Data Protection Regulations, 2019 issued by the National Information Technology Development Agency (NITDA) was applicable.

As we go into the second half of the year, we hope that regulators in the banking and fintech sector collaborate to effectively implement the laws and guidelines issued in the first half of the year, as this will serve to help position Nigeria as an attractive market for foreign investors and strengthen the economy.

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